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CENTRAL INTELLIGENCE AGENCY  
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## CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Trends in the Cuban Economy and Prospects  
for the Future

1. The Cuban economy appears to be in a general state of stagnation with little evidence of any significant change for better or worse. Because of the importance of sugar to the whole economy, however, the failure of the 1963 sugar harvest indicates a net decline in total economic activity is likely this year.
2. The 1963 sugar harvest was the worst since 1945. While extensive new plantings of cane in 1962-63, along with better weather, laid the foundations for a modest upturn in the 1964 sugar crop, the sudden farm nationalization measures announced by the regime on 3 October and as yet undetermined destruction resulting from hurricane Flora cast doubt over the entire agricultural picture. The confusion introduced by this development may forestall any increase in agricultural output in general, and sugar production, in particular, for at least another year.
3. [Redacted]

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Nevertheless, Castro's housing program has clearly lost impetus and rationing has been extended this year to cover shoes and clothing as well as food. A serious shortage of cereal products has recently developed in Cuba, but presumably will be alleviated by current Soviet shipments from Canada.

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4. Cuban industry is confronted with limitations making increased production in the next 18 to 24 months very difficult if not impossible. The electric power system appears to have reached its maximum capacity and no significant increase in power consumption can be expected until the two new power plants under construction at Mariel and Santiago are brought into operation, probably not until sometime in 1965. Furthermore, there is little prospect that Cuba will be able to increase foreign exchange earnings in the next year or so. Without increased bloc aid, imports probably will be confined to their present level and industrial expansion, which would require increased imports, will be checked.

5. There seems little prospect for any improvement in the level of economic activity in Cuba within the next year or two. Further decline, however, cannot be predicted at present. The depressed consumer goods situation will continue. There are a few scattered indications that the regime now is willing to increase imports of food and consumer goods, but it is doubtful that Cuba is in a position to significantly relieve its shortages.